

81st
ANNUAL REPORT

1938

*This Report is Addressed to Both
Stockholders and Employees*



BOARDS

9 334.161
B645r

The Borden Company
ESTABLISHED 1857
AND ALL SUBSIDIARY COMPANIES

BOARD OF DIRECTORS

ALBERT G. MILBANK

*Chairman of the Board
New York*

HOWARD BAYNE

New York

LESTER LE FEBER

*President, Gridley Dairy Company
Milwaukee*

THOMAS I. PARKINSON

*President, The Equitable
Life Assurance Society
of the United States
New York*

HAROLD W. COMFORT

*Vice-President
New York*

MADISON H. LEWIS

*President, Pioneer
Ice Cream Division
New York*

BEVERLEY R. ROBINSON

*Milbank, Tweed & Hope
New York*

L. MANUEL HENDLER

*South Eastern Ice Cream Division
Baltimore*

THEODORE G. MONTAGUE

*President
New York*

STANLEY M. ROSS

*Mid-West Division
Columbus, Ohio*

ROBCLIFF V. JONES

*Vice-President
New York*

MARCUS M. MUNSILL

New York

GEORGE M. WAUGH, JR.

*Executive Vice-President
New York*

OFFICERS

ALBERT G. MILBANK

Chairman

THEODORE G. MONTAGUE

President

GEORGE M. WAUGH, JR.

Executive Vice-President

CLYDE E. BEARDSLEE, *Vice-President*

HAROLD W. COMFORT, *Vice-President*

PATRICK D. FOX, *Vice-President*

ROBCLIFF V. JONES, *Vice-President*

EVERETT L. NOETZEL, *Treasurer*

WALTER H. REBMAN, *Secretary*

GEORGE BITTNER, *Assistant Treasurer*

HAROLD K. KRAMER, *Assistant Treasurer*

THEODORE D. WAIBEL, *Assistant Secretary*

EXECUTIVE OFFICES

350 Madison Avenue, New York City

REGISTERED OFFICE

15 Exchange Place, Jersey City, N. J.

TRANSFER AND DIVIDEND DISBURSING AGENT

THE CHASE NATIONAL BANK OF THE
CITY OF NEW YORK

11 Broad Street, New York City

REGISTRAR

BANKERS TRUST COMPANY
16 Wall Street, New York City

COUNSEL

MILBANK, TWEED & HOPE
15 Broad Street, New York City

AUDITORS

HASKINS & SELLS
22 East 40th Street, New York City

THE BORDEN COMPANY

350 MADISON AVENUE

NEW YORK

THEODORE G. MONTAGUE
PRESIDENT



To Stockholders and Employees:

This Annual Report for 1938 is being sent not only to stockholders, but also to all employees of The Borden Company.

I believe that a real partnership exists between these two most important factors, because of the investments both have made in our business. The stockholder has invested his savings, the employee his daily services. Neither can prosper long at the expense of the other. The management of the Company is ever mindful of this important relationship. Both are entitled to a complete and understandable accounting by management.

The report which follows contains information necessary to present an accurate understanding of the year's business. In addition, there are several sections which deal in a more informal way with subjects which I feel will be of interest, not only to stockholders and employees, but also to the general public.

In the furtherance of its business the Company will welcome constructive suggestions from you and any other friend of our organization.

Theodore G. Montague

President

To Stockholders and Employees:

There is submitted herewith the annual report of The Borden Company and all subsidiary companies for the year ended December 31, 1938.

NET INCOME AND DIVIDENDS

Net Income for 1938 was \$6,641,205, equivalent to 3.1% on sales and \$1.51 per share as contrasted with \$6,290,651 or 2.6% on sales and \$1.43 per share obtained in 1937. Dividends aggregating \$1.40 per share were paid in 1938 as compared with \$1.60 in 1937.

SALES

Sales amounted to \$212,038,654 for 1938 compared with \$237,561,671 for 1937.

The depressed economic conditions prevailing during the greater part of 1938 were the major factor contributing to the loss in dollar sales volume. However, a substantial part of the decrease in dollar volume is attributable to lower prices per unit, and several Divisions actually experienced gratifying increases in both unit and dollar volume.

TAXES

Taxes of every nature for 1938 (including Social Security Taxes of \$1,879,737) amounted to \$6,577,060 or \$1.50 per share and represent an increase of \$871,544 or 20¢ per share over 1937.

The contention of the Federal Government that the Company should be assessed additional income taxes for certain prior years because of having allegedly charged excessive depreciation, as referred to in our report for 1937, has not as yet been settled.

The tax burden of the Company has increased during the last five years from

\$3,714,186 or 84¢ per share to \$6,577,060 or \$1.50 per share in 1938. This increase alone, of \$2,862,874, represents an amount equal to over one-half the amount spent for capital improvements and replacements during 1938, and the 1938 tax itself is greater by \$421,674 than the amount paid out in dividends to the stockholders who hold the 4,396,704 shares of outstanding common stock of the Company.

In the following statistics, exemplifying the growing burden of taxes, no recognition is given to any possible increased income tax assessment for any of the years under review:

Year	Total	Per Share	% of Sales
1934....	\$3,714,186	\$.84	1.72
1935....	4,282,329	.97	1.86
1936....	5,205,458	1.18	2.18
1937....	5,705,516	1.30	2.40
1938....	6,577,060	1.50	3.10

Total taxes paid in 1938 amounted to \$239 per employee, and \$138 for every stockholder.

NET WORKING CAPITAL

This item at the close of the year stood at \$40,653,285 compared with \$39,029,742 at December 31, 1937.

The ratio of Current Assets to Current Liabilities on December 31, 1938 was \$4.20 to \$1.00, which compares with a ratio of \$3.79 to \$1.00 on December 31, 1937.

Cash on hand at the end of the year was \$19,701,562, which was in excess of the total of all current liabilities on that date, amounting to \$12,712,112. Cash on December 31, 1937 was \$15,545,029.

Frozen and restricted deposit funds, which funds were further reduced during

the year, are not included in cash. Reserve provision is made for the estimated loss involved and the net balance is carried under Miscellaneous Assets.

Inventories of \$16,208,785 compare with \$17,667,355 of last year. As usual, all inventories are valued at cost or market, whichever is lower.

The year 1938 was, on the whole, one of declining prices. This was particularly true during the first six months. In the last half of the year, prices attained a more stable level with the result that inventory write-off at the year end amounted to only \$181,803 as compared with \$257,360 in 1937.

Marketable Securities, a substantial amount of which were United States Government securities, and including material holdings of Canadian Government securities, taken at their cost, amounted to \$5,752,275 and at their market value to \$5,601,190 at December 31, 1938. These totals compare with a cost of \$5,886,952 and a market value of \$5,776,198 on December 31, 1937 for the securities then owned.

Receivables at the end of 1938 amounted to \$11,853,859 and were equivalent to approximately 23 days' average sales. All credit losses have been charged off and adequate reserves against future losses have been created by charges to operations, leaving Receivables in sound condition.

PROPERTIES

The Company's plants and properties have been fully maintained and large expenditures were made during the past year for improvements and cost reducing facilities.

The Company expended, or authorized expenditures for replacements or improved

facilities, \$5,659,095. The Budget of Capital Expenditures for 1939 is \$5,952,587 or somewhat in excess of 1938. As in prior years, all contemplated expenditures are carefully weighed before any authorization is made.

TOTAL ASSETS

Total Assets, including Trade-marks, Patents and Good-will, carried at the nominal value of one dollar, amounted to \$122,400,607 compared with \$122,434,823 at December 31, 1937. It is interesting to note that it required an average of about \$4,451 of capital investment, including current assets, for each employee maintained on the Company payroll during 1938.

CAPITAL STOCK

There was no change in either the total authorized or outstanding shares of Capital Stock during the year, and the capital structure continues without any outstanding securities senior to the Common Stock of The Borden Company.

The Capital Stock outstanding December 31, 1938 was held by 47,668 stockholders with an average holding of 92 shares, which compares with 46,623 stockholders with an average holding of 94 shares on December 31, 1937.

DIVIDEND POLICY

During the year 1938 four dividends aggregating \$1.40 per share were paid as follows:

March 1	\$.40	September 1	\$.30
June 130	December 2040

The Company changed its dividend policy in April 1938, as outlined in our letter to stockholders dated April 19, 1938. The new policy, as adopted by the Board of Directors, is to designate future divi-

dends declared as Interim Dividends except the last dividend of the year which has been designated as the Final Dividend. This procedure enables the Board of Directors to have a more accurate forecast of the year's results and related matters when considering the amount of the Final Dividend.

On January 31, 1939 the Board declared an Interim Dividend of 30¢ per share, payable March 1, 1939 and will consider further dividends in 1939 at the meetings indicated below, and when declared, will be paid in accordance with the following table:

Board Meeting Date		Date Payable	Stock of Record
April 25	Interim	June 1	May 16
July 25	Interim	September 1	August 15
November 28	Final	December 20	December 8

THE DAIRY INDUSTRY

The dairy industry is important to the economics of the nation. Reports of the United States Department of Agriculture show that year after year milk produces about one and one-half billion dollars annually in cash farm income—more than any other agricultural commodity. In 1938, cotton and wheat together produced 300 million dollars less than did milk.

Cash income from milk is a substantial portion of the total from agriculture in every state. It ranges from 168 million dollars in Wisconsin to a million and two-thirds in Nevada.

The 1938 national production of milk was nearly fifty billion quarts—nine percent more than ten years ago. That increase is in distinct contrast with the curtailment in production of many other agricultural crops.

Milk is produced and marketed daily. It affords a regular income to farmers and therefore is an asset to local industry and

trade in every dairy community. For the same reason it provides steady employment to many thousands engaged in the processing and distribution of milk and its products. The annual wage of employees compares favorably with any other industry and is higher than most.

Consumers spend about one-fifth of their food money for dairy products. In a family food budget based on standards set by the Bureau of Home Economics at Washington, about half of the family food needs could be provided by dairy products, which would require an expenditure of but slightly more than one-third of the total food allowance. Thus the consumer obtains in dairy products more of the nutritive value at lower cost than from other foods.

GOVERNMENT INVESTIGATION IN CHICAGO

On November 15th a Federal Grand Jury in Chicago voted two indictments against ninety-seven persons and corporations engaged in the dairy industry charging violation of Federal anti-trust laws. Included among the defendants are The Borden Company and several of its executives. One indictment relates to the fluid milk industry in the Chicago area, and the other deals with the counter or retail ice cream freezer.

The indictment of Chicago milk dealers, the milk producers cooperative association, the wagon drivers' labor union and certain officials of the Chicago Board of Health, indicates striking inconsistencies in national government policy. Federal laws fostering cooperative marketing of farm products led to the organization of cooperative bargaining associations among milk producers in many areas. They were exempted from the provisions of the anti-trust

laws of the nation and the states. Exercising their apparent rights, they negotiated prices to be paid to their members for milk by dealers. Chicago was no exception, and the now strong Pure Milk Association was organized only after two similar associations had failed.

The base and surplus (quota) system of promoting and paying for regular production of milk by farmers in an attempt to balance farm production of milk with city consumption, developed and widely used by cooperative bargaining associations, is made the basis of a charge in the fluid milk indictment. That system has been constantly advocated by agents of the United States Department of Agriculture and by State Universities during the past ten years. It has been widely used by the Agricultural Adjustment Administration in markets in which the Federal Government has been controlling the price paid to farmers for their milk and the methods of payment to farmers. It is also used by State Milk Control Boards. In various ways and markets the quota system has been actively practiced for more than fifteen years. The Federal Department of Justice has never before questioned the legality of this method of milk marketing by farmers, but now charges that its use violates the law.

The cooperatives sought the best price for their milk, particularly that included in their members' base allotment or quota, and milk dealers, including The Borden Company, found themselves obliged to pay that price to secure milk.

In Chicago, as in many cities, employees of milk dealers formed a union to promote a high wage and protect it. The milk drivers' union was and is particularly strong in that city. Borden operatives, like those of many

other dealers, were subjected to a closed-shop contract. Encouraged by the Federal Government, the union sought and obtained the highest wage scale for dairy workers in the United States and, in addition, placed certain restrictions upon its members.

Chicago has been a leader among American cities in its efforts to secure for its citizens a high quality of milk. Through the activities of the City Board of Health farms were inspected, and milk could be distributed in the city only after permits had been issued to the inspected farms. Dealers, plants and equipment were required to meet the city's high standards, which included pasteurization of the milk sold.

In 1935 the City of Chicago adopted the United States Public Health Service Standard Milk Ordinance. Federal officers were loaned to assist in the drafting and establishment of the Ordinance. Except for certified milk, the only milk sold in Chicago is Grade A milk under United States Standards.

Milk dealers, faced with demands of the cooperative farmers, the labor union and the Board of Health, acted to promote what seemed to be to the best interests of farmers, employees and the public — reasonable farm prices, good wages and public health protection.

The trade practices and the relations between the several groups mentioned, are now to be brought under the scrutiny of the Chicago Federal Courts. The Borden Company will defend the past and present conduct of its business, firmly believing that it has observed the laws and has rendered an honest service to the community and to the health of its citizens, young and old.

The indictment in the second case charges that the International Association of Ice Cream Manufacturers and certain of its members, including The Borden Company, have conspired to restrict the sale of counter ice cream freezers. It is charged that these defendants have sought legislation which would restrict the sale and use of these freezers. There is thus presented a fundamental constitutional question, whether the dairy companies have the right to petition for legislation requiring the manufacture of ice cream by sanitary processes and adequate sterilization equipment, with resulting protection against epidemics and disease.

This company has heretofore, together with several others in the industry, been made a defendant in three suits filed in the Federal Courts by a manufacturer of counter freezers, Mills Novelty Company. Damages to the extent of \$186,083,564.84 were sought in the three actions. Unable to comply with Court directions to furnish particulars of the charges, this manufacturer withdrew all three suits. There is great similarity between the fundamental questions involved in those cases and the present indictment.

In this ice cream indictment, as in the fluid milk one, The Borden Company believes that its activities have violated no law.

Our stockholders and the public at large will be interested in the repeated charge that there exists in Chicago a monopoly in the distribution of fluid milk. No such monopoly does nor can exist. However, if such a monopoly is considered to exist, certainly Borden and Borden stockholders have not been receiving any benefits therefrom, as our fluid milk operations in Chicago

Metropolitan area have sustained an average loss from operations of about \$312,000 per year for the last six years (1933 to 1938 inclusive). The unit volume of business enjoyed by Borden's has not increased during this period but has actually decreased. Throughout this period we have been faced with extreme competition on the part of concerns who paid less than union wages and less to the farmer than the prevailing price for fluid milk.

As a natural consequence of this situation, employment by our Company in Chicago has unfortunately followed a downward trend.

The total cost to The Borden Company of the anti-trust proceedings undertaken by the Department of Justice is, of course, as yet unknown. However, there was either paid or reserved out of 1938 income the sum of \$300,000 for estimated expenses to this Company on account of the suit.

FLUID MILK DIVISION

The Fluid Milk Division, as a whole, enjoyed a more prosperous year than in 1937, although again the Company was unable to secure a satisfactory return on the sale of fluid milk. Sales volume was lower than in the previous year, due in part to the curtailed industrial activity in some markets and lack of stability in others.

The year 1938 saw a renewal of government price fixing orders in the New York market. Although carefully drawn, this order exemplifies the error found in most attempts to fix by government edict the price of fluid milk, as the price set for milk used for fluid consumption is fixed so high, which in return necessitates higher prices to the consumer, that it materially reduces the chances of successfully carrying out an

orderly marketing program. In our opinion, no scheme of governmental price fixing for fluid milk can be successful unless the price of milk used for fluid milk consumption is kept in reasonable relationship to that of other milk products.

Because of health regulations and the necessity of more uniform seasonal production, milk for fluid use should command a higher price than milk manufactured into butter, cheese, etc. Under governmental control, however, the fluid price to be paid to producers is frequently established at a level far above its actual relationship to other dairy products, as the difference in actual production cost between fluid and manufacturing milk is much less than the arbitrary differential thus established.

The effect of the high fluid price is twofold. Consumption is retarded; consumers are antagonized; and, in addition, the wide spread between fluid and manufacturing prices is a temptation to unscrupulous distributors to purchase their fluid requirements at a price more nearly in line with manufacturing values, in many instances, in violation of government control orders.

As indicated in last year's report, the Company is aggressively working with the problem of distribution costs. We have pointed out on many occasions that producer, labor, and taxes absorb such a large proportion of the sales income, that any appreciable reduction in the cost of milk distribution must await the finding of new and presently unknown methods of preparing, packaging and distributing a highly perishable product like fluid milk. Some progress has been made, such as the introduction of paper bottles to stores in the New York market. As yet, however, no new improvements have been found which,

even when applied to large scale distributing units, would materially reduce present distribution costs which have risen so rapidly in recent years due primarily to increased labor costs and taxes. However, search for lower cost methods is continuous.

During the year the Company erected a new plant in Kansas City which, when fully completed, will handle both ice cream and fluid milk. This modern plant will operate at minimum costs and will enable the Company to aggressively develop the Kansas City market. The plant at Oklahoma City, which was acquired late in 1937, has been completely modernized and the sales progress made in 1938 indicates that the high quality of Borden products is securing favorable consumer reception.

The outlook of the Fluid Milk Division from a profit standpoint will depend largely on the possibility of procuring some amendments in the government marketing order in New York. We are continually attempting to familiarize government agencies, producers and labor organizations with the facts and problems of the industry in the hope that a fair and equitable solution to the manifold problems involved will be found.

ICE CREAM

The Company continued to aggressively develop its Ice Cream Division. Despite very unfavorable weather during the early part of the season, sales accomplishment was gratifying, particularly in view of the depressed industrial conditions prevailing in some of the larger markets. Profits were approximately the same as last year, as economies resulting from the helpful cooperation of the whole organization more than offset increased labor costs and taxes. Nearly two million dollars were disbursed

as capital expenditures for renewals or new facilities, which materially contributed to our ability to maintain low costs in spite of substantial increases in non-controllable items, such as taxes.

Some territorial expansion was also accomplished. The Company entered the ice cream business in Dallas, Texas, where a new modern plant was erected; Kansas City; Oklahoma City, and several smaller markets in California and the Middle-West.

The outlook for 1939 is encouraging, as there seems to be a growing recognition on the part of the general public of the value and economy of ice cream as a year around food. Improved industrial conditions generally hoped for in 1939 will materially help the progress of this Division.

MANUFACTURED PRODUCTS

As indicated in last year's report, constant efforts were put forth looking toward a more intensified development of this Division. Personnel has been reorganized; plants modernized; research intensified; and an aggressive sales program inaugurated. The Company is the largest manufacturer in the United States of some of the products comprising this Division, and its leadership has been maintained throughout the year. Despite the burden of excessive supplies of raw milk existing during the greater part of the year, which in turn necessitated low selling prices, with accompanying small profit margins, the Company's profits from this Division exceeded 1937.

As in other Divisions of the Company, an intensive program of modernization has been followed. Costs have been lowered and overhead charges reduced, all of which materially contributed to income results.

These objectives will continue to be vigorously pursued in 1939 and the outlook for both increased volume and profits for this Division is promising.

EXPORT

The export business again experienced new peak post-war volume and profits. With improved international trade relations, we are hopeful that the present business enjoyed can be materially increased, despite the currency and general monetary restrictions presently enforced in many foreign countries.

CHEESE

The favorable reception by the consuming public of the line of Borden's Package and Fancy Cheeses in the markets where they have been introduced continues to be gratifying. Several new markets were developed in 1938 and additional ones are planned for 1939. The Bulk Cheese Division, which assembles and markets all varieties of bulk cheese, has been further strengthened by the acquisition in January, 1939 of the business of Carl Marty & Co. of Monroe, Wisconsin, who have long enjoyed a favorable reputation on foreign type cheese, particularly Swiss. This acquisition brings to the Company experienced personnel and established good-will, which are essential to the proper development of this activity.

CASEIN

The results from Casein operations during the year were much poorer than last year. Casein is used in the making of fine coated papers and in numerous industrial operations where problems of adhesion are important. Since most of these industries were affected by the general recession in

business during the year, the demand for these products was lessened. Overproduction of milk increased the supply of casein, resulting in selling prices falling faster than inventories and costs could be reduced. This was particularly true of the first half of the year, although some measure of improvement, both in sales volume and cost values, was experienced in the latter half. The expected increase in general business activity gives promise of improved operations for 1939.

PRESCRIPTION PRODUCTS

Prescription products are promoted through doctors and are purchased largely on prescription. Biolac, a new special infant food of the evaporated type fortified with vitamins A, D and B₁, which was introduced last year, has enjoyed a substantial increased volume of sales. Dryco and Klim, powdered milk products, continue to enjoy a popular demand, particularly in Export markets where the latter has shown steadily increased sales. Beta Lactose, a superior form of milk sugar, has been enthusiastically received. Continued research is being carried on in this Division and additional uses for vitamin products in pharmaceutical and human food products are being developed.

PRODUCE DIVISION

The operations in Shanghai, China, where the Company packs frozen eggs for marketing chiefly in Europe, were fair when consideration is given to continued hostilities in that country. Disrupted transportation facilities, hindering the procurement of raw eggs, were burdensome. War risk insurance rates were, of course, abnormally high. These increased costs were not fully offset by increased selling prices. There was no

damage to the Company's property in 1938. The outlook for the ensuing year is again subject to unsettled conditions prevailing in the Far East.

The domestic operations in this Division, while relatively small, contributed a profit and the outlook for the coming year indicates that they should continue to do so.

SPECIAL PRODUCTS DIVISION

This Division prepares and markets supplemental products for use in animal and poultry foods; flavors and flavoring extracts; also vitamin products, including Lactoflavin, Vitamin G (B₂), which has been incorporated in many of the products, and these have received favorable reception from the trade. Additional research is being carried on in the hope that other food products will be found whose nutritional value can be increased by the addition of this valuable vitamin. Sales volume has shown a substantial increase, and profits, while yet modest, are encouraging. Plans for the ensuing year contemplate introduction of additional products with excellent profit potentialities.

RESEARCH

The rewards of research being cumulative, a sustained program of research represents a sound investment for assuring the Company's continued progress.

Greater use of milk and the by-products of milk in all fields of nutrition is one of the chief objectives of the research program. In line with carefully laid plans, research in the Company's three special laboratories is being directed toward the improvement of present products and the development of new products.

Outstanding in recent developments has been the increased recognition accorded milk vitamins in foods and pharmaceuticals. The B-complex vitamins of milk are key vitamins in the new concept in nutrition, which today dramatically look toward the positive objective of achieving higher standards of health and vigor.

Borden has pioneered in the field of vitamin research, and original research papers by Borden scientists have been published at regular intervals for many years in the professional journals that deal with nutrition. As a result of its research programs, your Company is fully abreast of these latest developments.

As indicated in our comments on the Fluid Milk Division, the Company is constantly searching for new and lower cost methods of fluid milk distribution. Research in this Division not only embraces technical and nutritional work, but also the practical problem of reducing the cost of distributing fluid milk. Containers of various materials have in recent years entered the market and their practical value is being tested in selected markets.

In the powdered milk field Borden research has made notable advances in perfecting the qualities of dried milks. These improvements have not only contributed to the welfare of the dairy industry and the dairy farmer, but also to other industries, such as the baking industry, where the use of powdered milk is becoming more and more accepted.

In casein, plastics and adhesives, research is constantly effecting improvements that insure product superiority.

Commercial research translates laboratory findings into consumer products. It concerns itself with creating new products,

with market studies and with packaging problems. As a result of our commercial research program, we have new products for both human and animal consumption entering new markets.

PUBLIC RELATIONS

Like many other business organizations, the Company is aware of the increasing importance of its relations with the public. New popular concepts of industry's place in our economy and new trends in government are being given close attention, the Company's policies being adapted to recent changes of a changing world.

The Company has long realized a multiple responsibility in its relations with the various groups with which it deals. It aims to provide customers with a fair-priced quality product, pay farmers a fair price for raw products, pay a fair wage to employees, and return a fair profit to stockholders whose invested savings finance its operations.

Yet, the Company's recognition of responsibility to all these groups has been the source of occasional differences, usually traceable to misunderstanding of the complicated economics governing the entire industry.

To lessen the possibility of future misunderstandings, efforts have been made to provide the public with accurate information on the problems, costs and profits of milk distribution. These efforts are based on the belief that presentation of a complete picture of the industry will pave the way for consumers to see the necessity of fair prices to farmers and fair pay to employees; for farmers and employees to recognize the need of maintaining fair prices to consumers; for all these groups to appreciate

the stockholder's right to a reasonable return on his investment.

EMPLOYEE RELATIONS

During 1938 wages paid to about 27,500 employees amounted to \$51,715,435. This compares with \$54,705,813 paid to about 29,000 employees in 1937. Included in this figure are all salaries paid to officers of the parent Company, which salaries amounted to one-seventieth ($1/70$) of a cent per quart of milk handled by all Divisions of the Company in 1938.

Management has constantly been striving to not only continue the amicable relations existing between the Company and its employees, but to improve them. The Company aims to pay its employees wages at least as high as its competitors pay in the same locality, and to provide working conditions equal to the highest standard within the industry. Capital expenditures have often been made to attain this objective, even though earnings did not benefit directly therefrom.

Group life insurance is available to all employees and it is carried by most of them, with the Company bearing a share of the cost and assuming all expenses incident to its administration. The total group life insurance in force at the close of the year amounted to \$35,830,165 and death benefits during 1938 amounted to \$233,250. The Company also has a plan of group accident and health insurance for the benefit of its employees, under which joint contributions are made by the Company and each insured employee. Physical examinations

are given many employees and practical assistance rendered in maintaining their welfare.

The major operations of the Company have not been interrupted during the year by reason of any labor dispute. Differences have been adjusted in a calm and friendly atmosphere, in which all factors have been freely discussed in the hope that a solution would be found which would enable the Company to successfully compete for the available business and which would provide our employees with desirable working conditions and satisfactory incentives.

ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of stockholders will be held at 10 o'clock A.M. on April 19, 1939, at the registered office of the Company, 15 Exchange Place, Jersey City, N. J., and at that meeting this annual report for 1938 will be presented.

FINANCIAL STATEMENTS

There are presented on subsequent pages financial statements, together with the certificate of Haskins & Sells, Certified Public Accountants, setting forth the operating results for 1938 and the condition of the Company at the close of that year.

There are also presented in more intimate form on subsequent pages many items of interest, including financial data, to both stockholders and employees.

On behalf of the Board of Directors, I wish to express sincere appreciation for the faithful efforts, loyalty and efficiency of the employees of our organization.

THEODORE G. MONTAGUE,
President

*Submitted by Order of
the Board of Directors*

The Borden

and all Subsidiaries

CONSOLIDATED BALANCE SHEET

		December 31,	
		1938	1937
ASSETS			
CURRENT ASSETS:			
Cash		\$ 19,701,562.24	\$ 15,545,029.25
Marketable Securities—At Market Value			
Cost	Less Reserve		
1938—\$ 5,752,274.82	\$ 151,084.37	5,601,190.45	
1937— 5,886,952.41	110,754.27		5,776,198.14
Receivables		11,853,858.85	14,054,957.68
(Including salary advances to employees - 1938, \$85,568.15; 1937, \$78,327.19) less Reserve for Doubtful Accounts—1938, \$1,983,001.15; 1937, \$1,837,919.38			
Inventories—At the Lower of Cost or Market:			
Finished Goods	Materials & Supplies		
1938—\$ 9,754,268.24	\$ 6,454,516.78	16,208,785.02	
1937— 9,699,410.92	7,967,944.43		17,667,355.35
Total Current Assets		\$ 53,365,396.56	\$ 53,043,540.42
MISCELLANEOUS ASSETS, less Reserves		\$ 2,571,318.57	\$ 2,669,385.50
(Including Mortgages, Other Receivables, etc.)			
PROPERTY, PLANT AND EQUIPMENT		\$102,767,250.10	\$103,336,941.54
(Principally at cost, but in part at lower valuations established by the Company)			
Less Reserves for Depreciation		36,960,621.80	37,268,580.09
(Based on above property valuations)			
Net Property, Plant and Equipment		\$ 65,806,628.30	\$ 66,068,361.45
PREPAID ITEMS, ETC.		\$ 657,263.08	\$ 653,535.47
TRADE-MARKS, PATENTS AND GOOD-WILL		\$ 1.00	\$ 1.00
TOTAL		\$122,400,607.51	\$122,434,823.84

NOTE: The above balance sheet does not contain any salvage values which may be ultimately realized from properties, now owned and not essential to operations, which have heretofore been written off.

Company

ary Companies

DECEMBER 31, 1938 AND 1937

LIABILITIES

	December 31,	
	1938	1937
CURRENT LIABILITIES:		
Accounts Payable	\$ 7,738,917.26	\$ 9,807,599.33
Accrued Accounts		
Taxes (Including Income Taxes—Estimated)	2,708,052.01	2,257,459.35
Other Items	2,265,142.65	1,948,739.57
Total Current Liabilities	<u>\$ 12,712,111.92</u>	<u>\$ 14,013,798.25</u>
DEFERRED INCOME AND NON-CURRENT LIABILITIES	<u>\$ 526,243.47</u>	<u>\$ 254,738.21</u>
RESERVES:		
Contingency Reserve	\$ 2,545,184.78	\$ 2,664,009.48
(1938, after charge of \$118,824.70 in settlement of claim originating in 1930)		
Insurance and Other Operating Reserves	5,980,946.64	5,625,574.15
Total Reserves	<u>\$ 8,526,131.42</u>	<u>\$ 8,289,583.63</u>
CAPITAL STOCK—THE BORDEN COMPANY:		
Common \$15.00 par (Authorized 8,000,000 shares)		
Issued 4,417,958 shares		
Less Treasury Stock 21,254 "		
Outstanding 4,396,704 "	<u>\$ 65,950,560.00</u>	<u>\$ 65,950,560.00</u>
SURPLUS:		
Capital Surplus	\$ 14,477,738.13	\$ 14,204,140.55
Earned Surplus	20,207,822.57	19,722,003.20
Total Surplus	<u>\$ 34,685,560.70</u>	<u>\$ 33,926,143.75</u>
TOTAL	<u><u>\$122,400,607.51</u></u>	<u><u>\$122,434,823.84</u></u>

NOTE: See President's comments commencing on page 6 of the Annual Report to Stockholders for reference to certain litigation instituted by the United States Department of Justice against The Borden Company and others.

The Borden
and all Subsidiaries

STATEMENT OF CONSOLIDATED NET INCOME
For the Years Ended December 31, 1938 and 1937

	Year Ended December 31,	
	1938	1937
NET SALES	\$212,038,654.20	\$237,561,671.94
COST OF SALES AND EXPENSES:		
(Including provision for depreciation of \$6,183,922.26 in 1938 and \$6,256,676.18 in 1937, insurance, taxes, and all manufacturing, sell- ing, delivery, administrative and general expenses, after deducting miscellaneous operating income)	204,226,207.88	230,518,508.18
NET OPERATING PROFIT	\$ 7,812,446.32	\$ 7,043,163.76
OTHER INCOME (Less Charges for Interest)	460,130.23	446,136.31
TOTAL	\$ 8,272,576.55	\$ 7,489,300.07
DEDUCT:		
Federal and Other Income Taxes (Estimated)	\$ 1,602,888.59	\$ 1,168,661.02
Maintenance expenditures on prop- erties not essential to operations (Less rental income of \$176,754.00 in 1938 and \$191,817.52 in 1937)	28,482.99	29,987.32
TOTAL	\$ 1,631,371.58	\$ 1,198,648.34
NET INCOME FOR THE YEAR	\$ 6,641,204.97	\$ 6,290,651.73

STATEMENT OF CONSOLIDATED EARNED SURPLUS
For the Years Ended December 31, 1938 and 1937

	Year Ended December 31,	
	1938	1937
BALANCE AT BEGINNING OF YEAR	\$ 19,722,003.20	\$ 21,168,450.02
NET INCOME FOR THE YEAR	6,641,204.97	6,290,651.73
TOTAL	\$ 26,363,208.17	\$ 27,459,101.75
DEDUCT:		
Dividends Paid during the Year	\$ 6,155,385.60	\$ 7,034,726.40
Write-off in 1937 of Unessential Properties after application of reserves, less proceeds of \$748,964.70 from disposals during the year		702,372.15
TOTAL	\$ 6,155,385.60	\$ 7,737,098.55
BALANCE AT END OF YEAR	\$ 20,207,822.57	\$ 19,722,003.20

STATEMENT OF CONSOLIDATED CAPITAL SURPLUS
For the Years Ended December 31, 1938 and 1937

	Year Ended December 31,	
	1938	1937
BALANCE AT BEGINNING OF YEAR	\$ 14,204,140.55	\$ 13,756,076.72
Proceeds from disposals of Unessential Properties previously written off against Capital Surplus, and fair operating values ascribed to other such prop- erties adapted to some operating use	273,597.58	448,063.83
BALANCE AT END OF YEAR	\$ 14,477,738.13	\$ 14,204,140.55

ACCOUNTANTS' CERTIFICATE

THE BORDEN COMPANY:

We have made an examination of the consolidated balance sheet of THE BORDEN COMPANY and its subsidiary companies as of December 31, 1938 and 1937, and of the related statements of consolidated net income, earned surplus, and capital surplus for the years ended those dates. In connection therewith, we made a review of the accounting methods and examined or tested accounting records of the companies and other supporting evidence in a manner and to the extent which we considered appropriate in view of the systems of internal accounting control.

In our opinion, based upon such examination, the accompanying consolidated balance sheet, with the footnotes thereon, and the related statements of consolidated net income, earned surplus, and capital surplus fairly present, in accordance with accepted principles of accounting consistently followed by the companies, their financial condition at December 31, 1938 and 1937, and the results of their operations for the years ended those dates.

HASKINS & SELLS.

New York, February 27, 1939

CORPORATE ORGANIZATION AND BUSINESS

THE BORDEN COMPANY, through product and territorial divisions thereof, conducts substantially all of the following described business in the United States and in Export Markets, while a comparatively few subsidiaries conduct the remaining business. The Canadian subsidiaries, as heretofore, operate the business in the Dominion.

The Borden Company (a New Jersey Corporation) owns 100% of the stock of all its subsidiaries, one of which is The Borden Company, Limited. The latter, in turn, owns 100% of the stock of its Canadian subsidiaries.

The business of the Company, falls into three general groups as follows:—

MANUFACTURED PRODUCTS: Manufacture and sale of Eagle Brand Condensed Milk since 1857; also other brands of condensed milk, evaporated, malted and dry milk; caramels, mince meat, dried fruit juices, etc.; and package, loaf, bulk and fancy cheeses, as well as the curtailed produce activities.

This group of products also includes casein, milk sugar, adhesives, prescription products such as Dryco, package Klim and Biolac; also flavors and flavoring extracts. Lactoflavin and vitamin products for pharmaceutical uses are manufactured and distributed. Vitamin products for use in animal and poultry foods are also included in this group. Business of the above nature is conducted throughout the United States, Canada and Export Markets.

FLUID MILK: Purchase and distribution by a system of route deliveries of milk, cream, butter, eggs, etc. in the following States and Canadian Provinces:

Arizona	Indiana	Michigan	Ohio	Wisconsin
California	Kansas	Missouri	Oklahoma	Ontario
Connecticut	Louisiana	New Jersey	Pennsylvania	Quebec
Illinois	Massachusetts	New York	Texas	

ICE CREAM: Manufacture and sale of ice cream and allied products in the following States and Canadian Provinces:

California	Iowa	Massachusetts	Ohio	Wisconsin
Connecticut	Kansas	Michigan	Oklahoma	Ontario
Delaware	Kentucky	Missouri	Pennsylvania	Quebec
Illinois	Louisiana	New Jersey	Texas	
Indiana	Maryland	New York	West Virginia	

How We Stood on December 31, 1938

Balance sheets frequently appear complicated to many readers. The form used by the accountants is somewhat technical. An individual can have a balance sheet just the same as a corporation. It is merely a statement which shows what you own; what you owe; and the difference representing your net worth. There follows the Company's balance sheet presented in a more descriptive manner for the convenience of stockholders and employees. The values have been divided by the number of employees (27,500) to show also the investment per employee.

		INVESTMENT PER EMPLOYEE
WE OWNED (Assets)		
CASH —In banks and on hand available to pay for milk, payroll, supplies, freight and other services. It is sometimes necessary during the year to borrow additional funds from banks to pay for these items. The funds on hand are only sufficient for about one month's average operations as seasonal business requires more cash for inventories and receivables	\$ 19,701,562	\$ 716
MARKETABLE SECURITIES —Including substantial amounts of United States and Canadian government bonds which can be sold to provide additional cash or are on deposit with various governmental bodies to guarantee compliance with their milk control laws, workmen's compensation acts, etc.	5,601,190	204
RECEIVABLES —Money coming to us from customers and others. This represents about 23 days' sales, most of which was collected currently in January	11,853,859	431
INVENTORIES —Stocks of finished goods, raw materials and goods in process, in plants and warehouses	16,208,785	589
MISCELLANEOUS ASSETS —Consisting principally of mortgages from sales of idle properties and cattle loans to farmers, collection of which will extend beyond the current year and therefore are not included in current receivables above	2,571,319	93
LAND, BUILDINGS and EQUIPMENT —Plants in which our employees work; also machinery, tools, delivery equipment, fixtures, etc. used in our operations; after deducting the allowance for accumulated wear and tear to date (which is the depreciation reserve)	65,806,628	2,394
PREPAID ITEMS —Including prepaid taxes, rents, etc.	657,263	24
TRADE-MARKS, PATENTS and GOOD-WILL —For which the company has expended millions in advertising and research, but chooses for conservative purposes to carry at this nominal amount	1	
TOTAL OF WHAT WE OWNED (Assets)	\$122,400,607	\$4,451

WE OWED (Liabilities)

CURRENT LIABILITIES —Including bills for milk, materials, supplies and services purchased, principally in December, but not due for payment until January. This also includes provision for liabilities accruing for items on which bills have not been rendered, such as taxes; commissions and payrolls for the last part of the month	\$12,712,112	
<i>(It will be noted that cash as shown above was more than sufficient to cover all these current liabilities at the end of the year)</i>		
NON-CURRENT LIABILITIES —Includes liabilities not payable within the next twelve months; Deferred Income includes items, such as rent, received in advance of the date when due and therefore not part of income for the year..	526,243	
TOTAL OF WHAT WE OWED (Liabilities)		13,238,355

STOCKHOLDERS' FUNDS and RESERVES

Represented by the difference between total Assets and total Liabilities as follows:		
Amounts which have been retained in Reserves for contingencies that may arise and for insurance and other operating purposes	\$ 8,526,131	
From stockholders, who own the business and have invested in the Capital Stock and Capital Surplus	80,428,298	
From stockholders, who have left a part of past earnings in the business in order to increase the earnings on their investment, as shown by the Earned Surplus Account	20,207,823	
TOTAL STOCKHOLDERS' FUNDS and RESERVES		<u>\$109,162,252</u>

The Results of 1938 Activities

The Company's statement of net income is likewise presented below in a more descriptive manner. While the balance sheet shows how we stood on the last day of the year, the income statement shows the results for the full year's operations. The relation of the principal items to the sales dollar is expressed in percentages of the latter. Attention is directed to the growing burden of taxes—in 1938 they almost equaled the total net income.

RECEIPTS:

		PER CENT OF SALES DOLLAR
SALES—Amount charged our customers for products sold.....	\$212,038,654	100.0%
OTHER INCOME—Including interest on investments, after deducting interest paid on drivers' deposits, etc.	<u>460,130</u>	
TOTAL	\$212,498,784	

DISPOSITION:

COSTS AND EXPENSES OF OPERATIONS—We paid farmers for milk; suppliers for bottles, packing materials, coal, oil, gasoline, feed, sugar, tin plate and other materials; and to others for services such as freight, rent, light, telephone, telegraph, advertising, repairs and other items, after deducting miscellaneous operating income	\$141,381,162	66.6%
TAXES—To Federal, State, local and foreign governments..... <i>(This amount for taxes is almost equal to the final net profit for the year)</i>	6,577,060	3.1%
DEPRECIATION—This year's proportion of the amount necessary to pro- vide for the eventual replacement of buildings, machinery, vehicles and equipment, due to wear and tear in the Company's operation.....	<u>6,183,922</u>	2.9%
TOTAL OF ABOVE COSTS AND EXPENSES.....	<u>154,142,144</u>	
<i>Amount left for employees and stockholders.....</i>	\$ 58,356,640	
PAY ROLL—EMPLOYEES were paid in wages and salaries	<u>51,715,435</u>	24.3%
NET INCOME—Balance available for STOCKHOLDERS	<u>\$ 6,641,205</u>	3.1%

This is the final Net Income (profit) for the year and represents a return on sales of 3.1%. After payment of dividends of \$6,155,385 to stockholders, the balance of net income, amounting to \$485,820, was added to the Earned Surplus accumulated in previous years. It provides a cushion for possible lean years in the future.

The Owners of the Company and Those Who Work for Them

THE STOCKHOLDERS

47,668 individuals and institutions own The Borden Company. Of this number, 42,458 own less than 100 shares each. 5,210 own more than 100 shares each.

The broadening interest of investors in Borden stock is evidenced by the fact that while no new shares have been issued since 1932, the number of shareholders has increased since that time from 36,236 to 47,668.

Such statistics do not show a number of inter-

esting things which we believe are significant in indicating the true nature of Borden ownership.

Among the substantial holders of Borden stock are insurance companies, charitable institutions, schools, colleges and similar organizations.



No one person owns as much as one per cent of the total. Stock is owned in every one of the United States, and in every Province of the Dominion of Canada. Large numbers of employees, farmers, customers and others who are in daily contact with the company, own a part of it.



Such profits as the Company is able to earn go to these 47,668 individuals and institutions. It is sometimes erroneously charged that these profits are too large when viewed as a total despite the fact that profits from the sales of fluid milk have been meager and at times non-existent. The profits did not go to a few in the large financial centers, but went to charitable and educational institutions and to individuals in all walks of life who are representative citizens in thousands of communities of the United States and Canada.

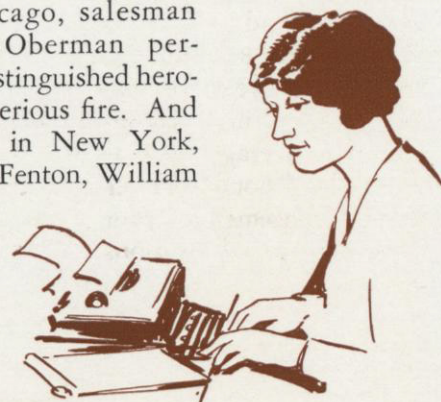
THE EMPLOYEES

One winter morning, the Children's Convalescent Hospital at Milwaukee was virtually isolated. The temperature was 15 below zero, the wind was high, snow was deep and drifting badly. To John Darm and Clarence Dibb, route men of Borden's Gridley Dairy, belonged the responsibility for getting milk to the sick children. They could not get their truck through the drifts and the electric line had long since stopped running.

They made a sled from an old sugar barrel, and somehow managed to push it to the snow-bound hospital. Their ingenuity and pluck were fortunate. This was the only way milk could be delivered to the hospital for almost two weeks, when the children were moved to a more accessible place.

In the spring of 1938, William Stockberger and John Miller who work for The Borden Company at Fresno, California, rescued 71 persons, marooned in their homes by flood waters.

At Chicago, salesman Herman Oberman performed distinguished heroism at a serious fire. And similarly, in New York, Frederick Fenton, William



Grafer, and Max Schecht also made spectacular rescues at fires.

Russell Lovelace and James Green who work at a Borden plant in Pontiac, Mich., each risked his life in saving young boys from drowning when thin ice had collapsed under them.

All of the above deeds resulted in the awards of medals from the Milk Industry Foundation.

There is space here for only a few of the hundreds of public services performed by men in various branches of Borden activity. Not all are so heroic, but most of them are definitely services apart from the regular work of the man.

The jobs themselves are numerous and varied—handling and hauling of ice cream—work in the manufacturing processes of cheese and evaporated milks and mince meats—bringing milk by tank trucks from country to city plants—diverse work of the many industries within the business of dairying.

Thus not all our people are engaged in delivery service. Nor are conspicuous examples of "esprit de corps" localized to any one division. Those related, illustrate and acknowledge the spirit existing among Borden people generally—and which has existed since Gail Borden and Jeremiah Milbank, the first employee and the first stockholder of this Company, formed a partnership and together pioneered in the first preservation and marketing of dependably wholesome milk 83 years ago.

Borden employees are about the average age to be expected in a company of such size. Greater than average, we believe, is the number with long and honorable service records. The constant advancement of younger men to executive and managerial positions continues to give the Company aggressive leadership.



Borden men drive 9,500 vehicles, automotive and horse-drawn, about one hundred million miles in the course of a year, mostly in crowded cities. Their safety record has been good and in 1938 there was a 5% reduction of accidents. Our men appreciate that safe driving is an important part of their work. This has a tremendous significance to parents, whose youngsters are often careless in their enthusiastic play. Outstanding example of Borden drivers' care is the case of George Smith, working for the Company in Connecticut, who received a gold medal for having driven 796,150 miles without an accident.

Personal injury frequency in the many different types of work, is also low. Based on each million hours of exposure, 1938 showed 10% fewer accidents than 1937, when the record already had been good.

2500 Borden employees have completed or are taking a course in first-aid work. This is important, since many men, working in early morning hours or late at night, literally supplement Police and Fire Departments in protecting the public.

About 27,500 people work for Borden. Last year, an average of one employee was needed for every 88,217 quarts of milk—the entire yearly production of about four dairy farms. Our employees bought, processed, sold, delivered and accounted for 2,425,961,000 quarts of milk or its equivalent in cream, cheese, etc.—the total output of more than 100,000 farms.

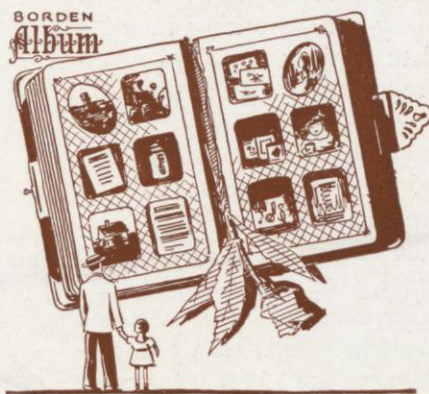
The mutual interest of employees and stockholders has been spoken of previously. In creating an opportunity for Borden people to work, there has been invested in land, buildings, equipment, inventories, etc., a total of \$122,400,607. This means an investment of \$4,451 for each employee, and we are sure stockholders will find satisfaction in the efficiency and loyalty with which these jobs are filled.





Borden at the New York World's Fair

ON April 30th, 1939, the gates of the New York World's Fair will open to the public. Its fifteen hundred acres of diversion and education and human interest have no precedent in exposition history. Here is not New York on parade. It isn't merely the United States. The entire world is represented in industry and science, each with some contribution of things to come in tomorrow's world.



Chicago's great Century of Progress was one-third the size of this Fair. The Paris Exposition was a mere two hundred and fifty acres. Statisticians have figured that a man spending only ten minutes at each exhibit will need fourteen ten hour days

to see everything. Certainly a huge number will try. It has been estimated that more than fifty million attendances will be paid between May and October, 1939. And this estimate is one of the more conservative.

Such an opportunity to impress its products, and the processes by which they are made, upon the minds of eager millions, Borden could not overlook. And has not. For in the heart of the Fair, on the Mall, which is the main artery of travel, *there* will be Borden! Almost in the shadow of the Trylon and Perisphere, which

are the Fair's Theme Center, Borden presents *The Dairy World of Tomorrow*.

This building, 60,000 feet of floor space, will reveal in practical, but spectacular fashion, the intricate and little known story of milk and milk products. Entertaining, as it educates, *The Dairy World of Tomorrow* is sure to be one of the most talked of buildings in an exposition where all participants have bent especial efforts toward the unusual.

One hundred and fifty pure-bred cows—Ayrshires, Brown Swiss, Guernseys, Holsteins and Jerseys—provided through the cooperation of the five Breed Associations, will live in model barns flanking the Borden building. At the rear of the structure, prize bulls will be shown on a unique, circular bull exerciser. At the front, facing the Mall, a new type of Walker-Gordon Rotolactor — “the milking merry-go-round” — will be seen in the vast, doorless entranceway.

All day, the Rotolactor's continuous show will go on. In steady procession these prized cows will step onto the slowly rotating platform, be sprayed and washed, hand-dried with sterilized



DIORAMAS

At right are shown a few of the many dioramas in Borden's "Dairy World of Tomorrow" — scenes revealing how a great number of products Borden annually buys are harvested, manufactured or utilized in the varied business of Borden production and service.

individual towels, and finally milked by magnetic milking machines gentler than the most expert of dairying hands.

Crowds following the turning of the Roto-lactor will find themselves in the wide foyer of the big main exhibits hall, now seeing the milk irradiated with Vitamin D, and pasteurized, cooled, bottled in specklessly clean bottles—each step of handling by the very newest of stainless steel equipment and under perfect conditions of sanitation.

Centering this main hall there will be a display showing, through a series of illusions, the major uses of milk and milk products. By the use of a number of theatrical devices, products will alternately appear and vanish before the visitor's eyes. More important than its entertaining aspects, this display will acquaint fairgoers with the value of milk, the various forms in which Borden has developed its use and the general indispensability of milk to the world.

Ice cream has a show of its own. A complete Mel-O-Rol manufacturing unit will occupy one section of the central hall. Housed in plate glass so that the entire operation is visible, people will see how this new, quick-freezing system is carried out, how carefully the product is protected, from the very start to final automatic wrapping and packing in individual portions.

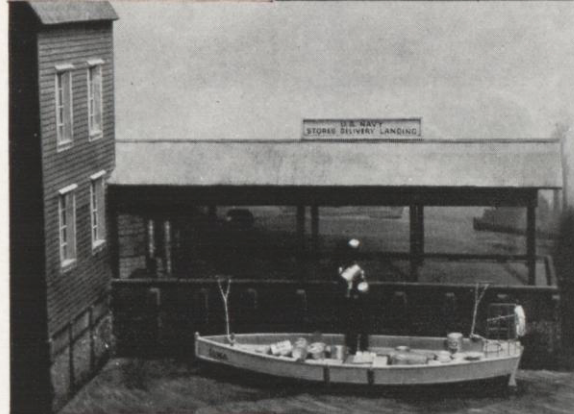
Borden manufactured products—the leading cheeses, evaporated and condensed milks, mince meat and malted milk—will have an intriguing kitchen exhibit . . . a rotating food workshop. Here will be demonstrated the time-saving features, the conveniences and economy of the foods of this division.

An unusually delightful exhibit in the main hall is The Borden Album—enlarged replica of an old fashion family photograph album with its brass corners and plush lined cover. This



This scene depicts one of the growing number of modernized farms in the United States and Canada which are a source of supply for Borden milk and milk products.

Ice Cream was in the past a cumbersome business of unpacking containers and disposing of the ice. Today it is simplified to the mere opening of a carton and serving.



The U. S. Navy is one of Borden's best customers. These gobs are shown loading famed Borden Klim (which the Navy buys in great quantities) into a long-boat for transfer to one of our battleships.

The delivery of the first fluid milk in bottles before the turn of the century was a great event—and Borden pioneered it. The scene here was duplicated in the 'Nineties at thousands of homes in Chicago and New York.



Modern delivery of milk is unhampered by extremes of weather or temperature or conditions of travel. Efficient service and thorough protection for both milk and driver are part of the Borden plan.

giant book will present among many interesting historic exhibits some of the first Borden condensed milk posters, reproductions of early Borden condenseries from Leslie's Weekly, the first milk bottle and the newspaper of which Gail Borden was editor in 1836 during Texas' fight for independence before founding the milk Company that was to bear his name.

Research will be dramatized through the use of "black light" and Lactoflavin, a derivative of milk, now widely recognized as one of the most important nutritional elements. Again in this instance the important educational message is to be theatrically presented so that the visitor is first attracted by a mysteriously interesting exhibit and remains to be impressed by its story.

The left wing of the hall will contain a great number of dioramas — exquisitely modeled scenes with small figures, buildings and other elements—depicting how some of the thousands of products Borden annually buys are harvested, fabricated, shipped. And on the walls of this wing the facts about Borden's vital importance to dozens of industries as well as dairying will be shown in murals.

At the rear of this wing, single prize cows of the various breeds will be displayed in a glass enclosed stall.

A large milk and ice cream bar will be located near the Rotolactor rotunda and sell to patrons both of these products, which they will have seen in the making.

The Dairy World Restaurant, seating two hundred and fifty persons, will specialize in dairy dishes, salads, milk, malted milk and ice cream. In its way the restaurant also will contribute its share in the interesting educational

plan. A great number of new combinations of dairy foods, long months taste-tested, are to be on the menu.

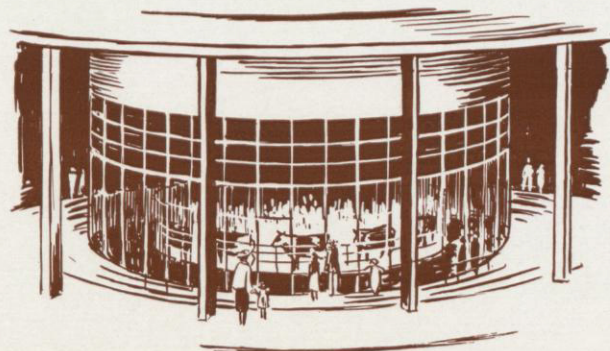
These are the main features of Borden's pretentious *Dairy World of Tomorrow*. It will be a splendid, thoroughgoing presentation of dairying progress and Borden's significant and dominant part in that accomplishment.

Through the medium of this exhibit, more millions will know more about the goodness that is invariably Borden than ever before in the history of your Company. Precisely how many millions these will total, no one can say. Whatever the final figures, your Company can look forward to April 30th, 1939 confident that it has made the most of a rare opportunity, not only in advertising but in education as well.

From that time forth, it will begin to be understood that Borden is not just 27,500 employees, but through its extensive, constant purchasing of innumerable supplies and equipment, vital to more nearly half a million employees in all sorts of industries.

Officials in Civic and Federal Government will be more conversant with your Company's problems and its plans. Educators will have more familiarity with Borden's efforts in the fields of research, nutrition and public relationship. And the general public will know somewhat of the immense investment it takes in equipment and men and materials and sanitary precaution for this Company to deserve the fame that "If It's Borden's — It's *Got* to be Good."

The New York World's Fair will be something to see, and having been seen, never to be forgotten. The Borden Company is one of those who will help to make that statement a fact.



VISIT
"THE DAIRY WORLD OF TOMORROW"

Borden's Great Exhibit at the

NEW YORK
WORLD'S FAIR

1939

Also visit "Dairyland," the impressive educational exhibit at San Francisco's Golden Gate International Exposition. In this exhibit Borden and other leading dairy interests combine to present California's story of modernized dairying.

